(b) what is the estimated loss in export earnings (in foreign exchange) as a result thereof;

(c) what is its verall impact on the exporters of these items; and

(d) in what manner Government propose to meet the situation?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SHANTILAL PURUSHOTTAMDAS PATEL): (a) and (b) In view of the UN Securiy Council reolution imposing economic sanctions against Iraq and Kuwait, trade with these countries has been banned. Prior to the ban on trade, major items exported to these countries included enineering goods, rice, tea, spices, textiles, processed foods etc. Estimated loss on account of markets of Iraq and Kuwait is about US $ 200 million for the year 1990-91.

(c) During 1989-90 exports to Iraq and Kuwait were only 1.17 per cent of India's global exports. Impact on exporters as a direct result of loss of these markets is, therefore, not expected to be severe.

(d) Some of the important measures, taken are the following:—

(i) An inter-Ministerial Empowered Cmmittee has been constituted to resolve the problems of exporters to the Gulf countries. This Committee took a number of decisions to facilitate continuance of exports to the Gulf region, outside Iraq and Kuwait.

(ii) Export Promotion Councils have been requested to initiate steps to maintain the tempo of exports by exploring alternative markets for their products.

(iii) Indian Embassies in the Gulf region were asked to identify the potential areas for stepping up exports in a big way. Feedback received from our Missions was disseminated to the Export Promotion Council's/ Commodity Boards.

NRIs investments in the country

464. SHRI KRISHNA KUMAR BIRLA:
SHRI SANTOSH BAGRODIA:
SHRI KRISHAN LAL SHARMA:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of Government's plan to attract maximum investments from NRIs for speedy development of the country;

(b) what are the areas offered to NRIs for direct investments in the country;

(c) what is the nature of the NRI proposals (with total investment) approved by Government during 1989-90 and 1990-91 till date;

(d) what are the areas|investment, schemes where NRI response has not been according to expectations; and

(e) what steps Government propose to take in this regard?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) A large number of schemes|facilities were announced in 1982 to attract NRI investments. Besides investing in Indian companies' share|debentures under the portfolio investment scheme through recongnised stock exchanges, NRIs are also allowed to invest directly in indurtries in India, either on repatriation basis under the 40 per cent, 74 per cent or 100 per cent schemes or on a no-repatriation basis provided Indian companies are not engaged in agricultural.plantation activities and also do not carry on real estate business for commercial purposes.

(b) Following are the broad categories of the industries in which NRIs are allowed to invest:

(A) On repatriation basis:

(I) 100 per cent

(i) Investment in sick Industrial Units;

(ii) Hotels of 3 star category & above.

(iii) 100 per cent Export Oriented Units.

(II) 74 per cent Scheme

(i) Industries listed in appendix I to the Industrial Licensing Policy, 1973;

(ii) Hotels of 3, 4 and 5 star category;

(iii) Hospitals and diagnostic centres.

(iv) Any other industry where a minimum of 60 per cent of its output is exported;

(v) Industry reserved for small scale sector where a minimum of 75 per cent of its output is exported.

(III) 40 per cent Scheme

(i) Companies engaged in industrial|manufacturing activity;

(ii) Hospitals;

(iii) Hotels of 3 star category and above;

(iv) Diagnostic Centres;

(v) Shipping;

(vi) Development of computer software;

(vii) Oil exploration activity.

(B) On non-repatriation basis:

Any industry except those engaged in agricultural|plantation|real estate business;

(C) Non-resident Indians or persons of Indian origin and Overseas Corporate bodies owned by non-residents of Indian nationality or origin to the the extent of at least 60 per cent are permitted to invest in NRE|FCNR deposits directly.

(c) The position of NRI investment in India as on 31st December, 1990 was as under:—

	Amount in Rupees (Crores)
I. Direct Investment in shares/debentures of Indian companies on repatriation basis (Approval in principle)	
40% scheme . . .	1,526·13
74% scheme . . .	98 08
Non-repatriation basis . .	315·16
II. Under portfolio investment scheme as on 30-9-1990	
(i) Repatriation basis . .	75·51
(ii) Non-repatriation basis .	4·57
III. Deposits with Indian companies as on 30-6-1990	
(i) Repatriation basis .	20 32
(ii) Non-repatriation basis .	9·30

Balances held in NRE|FCNR Account with Authorised Dealers as on last Friday of January, 1991

	Amount (Rupees in Crores)
*NRE.	6973
FCNR	3167

*NRE data is provisional.

(d) The response from NRIs has been encouraging;

(e) Constant efforts are made to streamline procedures with a view to removing irritants and bottlenecks for prospective NRI investors.